

STATE EMPLOYEE GROUP BENEFITS ADVISORY COUNCIL MEETING MINUTES

2401 Colonial Dr; Wilderness Room
Helena, Montana

December 2, 2014

SEGBAC Council Present

Director: Sheila Hogan, Department of Administration
Chairman: Marilyn Bartlett, Administrator, Health Care and Benefits Division
Member: Erin Ricci, Admin. Asst., Department of Natural Resources & Conservation
Member: Senator Jim Keane
Member: Quint Nyman, Montana Public Employees' Association
Member: Richard Cooley, Senior Investment Officer, Dept of Commerce, Board of Investments
Member: Mary Dalton, Branch Manager, DPHHS, Medicaid and Health Services Branch
Member: Kelly DaSilva, Human Resource Director, Legislative Services Division
Member: Brian Ehli, Representative, MEA-MFT

SEGBAC Council Not Present

Member: Christopher Abbott, Office of Public Defender
Member: Amy Sassano, Assistant Budget Director, Office of Budget and Program Planning
Member: John McEwen, Representative, State of Montana Retirees
Member: Beth McLaughlin, Supreme Court Administrator

Staff

Karen Wood, Deputy Administrator, Health Care & Benefits Division
John Thomas, Senior Health Officer
Amber Godbout, Attorney
Charlotte Hafer, Customer Service Assistant
Lance Zanto, Bureau Chief, Workers' Compensation Management

Kelly Grebinsky, FSA, Principal, Actuaries Northwest

Guests

Ginger MacDonald, BCBS	Mark Walters, BCBS
Amanda Burkhart, HCBBD	Sherri Rickman, HCBBD
Melanie Denning, HCBBD	Amber Thorvilson, HCBBD
Lynn Morrison, Cigna	Brittany Chandler, Delta Dental
Nancy Schultz, Senior Account Manager, Cigna	Brad Baker, Cigna

Call to Order & Old Business

Marilyn called the meeting to order at 8:40 AM. There wasn't a quorum so the approval of the minutes was tabled until later in the meeting.

Plan Financial Performance

URx Update

Mark gave his report in a [power point](#) presentation. He noted that the specialty pharmacy makes up 1% of the plan but is 33% of the money the plan spends. He showed numbers from 2009 through to 2014 that showed the trend. He said that there is no magic bullet and strategy is the key. He talked about the trend. The trend is increasing 15-25 % year over year.

He talked about some management strategies. First is Utilization. Not everyone needs to be treated. Not every single person needs a specialty drug. Second is cost. Utilize one or a limited network of pharmacies. Specialty pharmacies give away margin for higher volume. Avoiding waste can also help the cost. By utilizing a split fill program for oncology. Third is drug mix. The will motivate patients to utilize the preferred medications. The opportunities in drug mix will continue to improve with the growth in the specialty market. Finally is Adherence. This is accomplished by educating patients. Patients need motivation to be adherent.

Cost and utilization statistics 3rd Quarter

Kelly presented the financials in a [power point presentation](#). He reported that the loss for the end of the year is \$34 million. The ACL will be at 151%. There is no enforcement of the ACL. This is just a measurement. The loss is all being driven by medical.

Kelly went over some of the drivers. First 2014 was a planned loss. However, 2013 was not as good as previously thought. This is due in part to longer Cigna claim lag. There was a \$9.6 million difference. The plan had planned to hold \$23 million of IBNR. There needs to be more research into where the lag is coming from. Members of the committee pointed out that some providers are not very fast when it comes to submitting claims to Cigna.

Provider discounts is another driver. What is happening is that the hospitals are increasing their charges so the discounts really aren't there.

Another driver is Mental Health Capitation. This accounts for \$1.5 million. The plan is paying Cigna to do EAP, we don't pay for these services.

FSA Contribution is also an effect. For each \$1 additional FSA contribution, members incur an additional \$0.71 in cost-sharing; this corresponds to an additional \$3.66 in plan cost.

Open Enrollment is another driver. Spouses didn't have too big of an effect on the plan.

Large claims accounted for \$4.3 million of the loss. Both the number of large claimants and the total incurred claims both exceed initial 2014 projections.

Marilyn talked about how we are going to take more control of the data and start driving the data.

Senator Keane felt that retirees are not being taken care of. He feels that the committee's opinion isn't being taken into account.

Sheila asked about doing additional health screenings. Quint asked what the intent is. If the intent is the improved health, then yes. Are they cost effective? Rich thinks health screenings is a good thing but needs more information.

Karen reported that so far, 264 retirees have cancelled the State Plan. Two hundred of those are leaving and claiming their retreat rights.

Cigna cost and Utilization Update

Brad with Cigna allowed questions from the committee. What came out of the discussion was what the intent of the programs that Cigna offers is. And do we have the data to make good decisions?

Health Center Update

John Thomas gave an update on the health centers. There are now 5 health centers up and running, Billings, Butte, Helena, Miles City, and Missoula. He gave the utilization numbers for each center.

Billings: 64%

Butte: 73%

Helena: 93% (83-85% is goal)

Miles City: 30 %. This is in part because the doctor took a couple of days off.

Missoula: 80 %

There are also public entities that are using the health centers. They include the following:

- MMIA in Helena, Missoula, Billings, Butte, & Miles City
- MUST in Helena, Missoula, Billings, & Miles City
- Butte Silver Bow County in Butte
- University System in Helena

Delta Dental Update

Brittany from Delta Dental gave her presentation in a [power point](#). She noted that the total claims paid on the basic plan from November 1, 2013 to October 31, 2014 are \$740,000. The total claims paid for the premium plan are \$7,144,689. Enrollment in the basic plan is 2580 members and in the premium plan are 12,621 members.

Work Comp Update

Lance reported that Work Comp is doing well. He reported that there are defined benefits in statute that are based on treatment. He also reported that there has been a reduction in premiums by 40%. There is also a 40% decrease in claims in 5 years. There is a 28% reduction in medical only claims and a 40% reduction in wage loss. There is also a 59% reduction in days lost from work. The top agencies for injured employees are Corrections at 18.5%, followed by DPHHS at 16.4% and Transportation at 10.7%. 30% of injuries are in the first 30 days of employment. The plan is to implement occupational health. Also start doing vaccines at the health centers, such as rabies, epi pens, & hepatitis C.

Legislative Update

Lance gave an update on what is in store for the upcoming legislative session. Currently there are 1196 placeholders. A few of the bills that HCBF is watching are:

- The state's effort to take over OSHA. This bill allows us to move forward.
- There is a bill to put more authority into the Auditor's office
- The state fund is looking at taking back the old State Fund.
- There are 19 bills related to health. They include allowing K12 employees onto the State of MT health plan, down syndrome, end of life care, and Medicaid expansion.

- House Bill 13 is the pay plan bill. It calls for a 10% increase in state share for 2016 and 8% increase in 2017.

Open Enrollment Update

Karen gave an update on the open enrollment for 2015. This year four staff travelled across the state holding 178 meetings. This year for the first time, the staff presented to the Legislators. Currently there are 264 retirees coming off the plan. During the open enrollment, there were 82 spouses and 113 children added.

HCBD 2015 Overview

Marilyn gave an overview for 2015 in a [power point](#). She went over the goals and objectives for the 2017 biennium. They include deliver financial stability of the state employee health benefits fund.

- Vendor management driven by HCBD: After doing some analysis, it was determined that multiple vendors are providing the same services and programs. Analysis needs to be done to determine which program is the best program to be doing.
- PPO Networks and Agreements
- Leveraging the services of the Health Centers
- Partnering with local providers
- Data Analytics
- Specialty Drugs and RX
- Retiree Options
- How can we deliver the same or better benefits to our members and reduce our expenses?

Approval of Minutes

Marilyn went back to the August minutes for approval. There were a couple of corrections made. Kelly DaSilva moved to approve the corrected minutes. Quint seconded the motion. The motion passed.

Senator Keane wanted a comment on the minutes that the committee's vote was not taken into consideration by the Executive Branch with regard to rates.

The next meeting has not been set just yet. We will take a look at the Legislative calendar for the next meeting.

Public Comment

There was no public comment.

Senator Keane moved to adjourn the meeting. Kelly seconded the motion. The motion passed. The meeting was adjourned at 1:30 pm.